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Office Memorandum • UNITED STATES GOVERNMENT

TO 25X1A9a

DATE: 1 March 1951

FROM [REDACTED]

SUBJECT: Munitions Board Project A-181-II

1. The project was undertaken at the request of the Munitions Board after conference with the Joint Intelligence Group. The items selected for study were practically identical with those already selected as the basis of a program by D/EE, ORE and in which JIG had shown a definite interest in discussions with the Economic Advisor. Because the list of items and general approach to the problem was an extension of those employed in IM-181, and since both the latter and the present project were sponsored by JIG, the project was referred to as 181-II. Request for cooperation of the Military Intelligence Agencies was made on 20 June 1950 and the project was officially approved on 6 July 1950; with the reservation by the Air Force that the individual items be completed separately on the basis of priority rather than as part of a composite program. Air Force also raised the question about making estimates of war requirements first, rather than employing the technique of making "cold war" estimates first. A definite working basis was not reached with them at the time and in the meantime they worked diligently on the aviation fuel project.

2.* The project comprised the estimate of total availability (production, imports, and stockpiles, etc.) and requirements by the Soviets of the following items: (a) Non-ferrous metals (tin, copper, lead and zinc), (b) Rubber (natural and synthetic), (c) Ferro-alloys (molybdenum, tungsten, cobalt, nickel, chromium, etc.) and high grade steels, (d) Coal tar products (benzene, toluene, phenols), (e) Explosives (including raw materials), and (f) Military aviation gasoline and fuels generally. In addition, the Office of Naval Intelligence was to prepare an estimate of Soviet military requirements for merchant ships. The techniques employed and the organization of the project were to be similar to those in IM-181, showing requirements for the various broad categories of the economy - Agriculture, Transportation, Industry, Domestic or Home Use, to be estimated by the Sections in the Economic Branch of D/EE/ORE having responsibility for the individual items, and the military requirements for the Army, Navy, and Air Force to be estimated by the respective Service Intelligence Agencies. The D/Econ/ORE was assigned responsibility for imports, and OSI for atomic energy requirements.

3. The project was to be initially on a "cold war" basis and thereafter on a war basis. The tentative dates for submitting reports were 30 September and 15 November 1950, with the final report to be turned in shortly after 1 January 1951. It was estimated that about fifty percent

* The project as initiated and the preliminary reports submitted included machine tools, production equipment, electronic equipment, precision instruments, etc.

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of personnel in the Economic Branch would be devoted exclusively to this project. However, the project got off to a bad start owing to the onset of the Korean war. The Special Estimates Group directly under AD/ORE assigned higher priorities to other work and projects, such as "Project 64," ABI-14. Finally the reorganization of ORE caused a suspension of the work. All this necessitated postponements and it was finally decided to call in the preliminary reports. In the meantime, special emphasis was placed by direction on the Aviation Fuel phase of the project. The armed services were unable to meet deadlines because of the Korean crisis.

4. The present status of the project is as follows:

(a) The reports submitted by the Econ Br/D/EE/ORE are generally of a preliminary nature as to production estimates, and are quite inadequate at present with respect to the solution of the allocation or requirements problem. These reports were turned over to [REDACTED] and subsequently on loan to [REDACTED] by your authority. Some work was done, but no report was submitted on imports by D/Econ/ORE.

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(b) The representatives of the Military Intelligence Agencies (Army, John Kulgren; Navy, Cdr. Thos. Jefferson) had many technical difficulties in addition to interference by the Korean war. However, they have made considerable progress and are still enthusiastic about the project despite the interruptions and difficulties. While the Air Force never officially attacked the general problem, from my discussions with them (at several levels) it is believed that their objections and problems could be overcome without much difficulty.